

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 5000
Rosemont, IL 60018

Tel 847.318.7575
Fax 847.318.7588

RECORDATION NO. 24058-A FILED

NOV 22 '04 2:38 PM

SURFACE TRANSPORTATION BOARD

VIA UPS 2nd DAY AIR

November 17, 2004

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement, dated August 18, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents. The enclosed document relates to the Lease Agreement which was duly filed with the Commission under Recordation Number 24058.

The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Penford Products Company
1001 First Street, S.W.
Cedar Rapids, IA 52404-2175

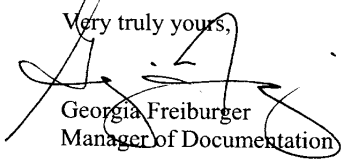
A description of the railroad equipment covered by the enclosed document is forty (40) 5150 cu. ft. covered hopper cars, with FURX and NDYX marks (see Exhibit A for car numbers).

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$32.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

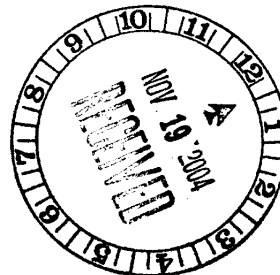
If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5387. Thank you for your cooperation in this matter.

Very truly yours,


Georgia Freiburger
Manager of Documentation

Enclosures

(PEPR002)



RECORDATION NO. 24058-A FILED

ASSGN. NO.: PEPR002

NOV 22 '04 2-38 PM

MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

18th THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 18th day of August, 2004 by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Penford Products Company, a Delaware corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of July 12, 2002, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 2 to the Lease (the "Rider") as described in more particular on Exhibit A attached hereto, effective as of March 24, 2004, and subject to the terms, conditions and provisions of the above mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. Seymour
Name: RICHARD F. SEYMOUR
Title: Vice President Sales & Marketing
By: Theresa Catapano
Name: THERESA CATAPANO
Title: MANAGER OF DOCUMENTATION

Executed on this ___ day of ___, 2004

[CORPORATE SEAL]

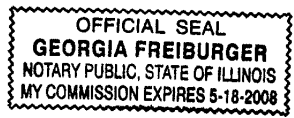
STATE OF ILLINOIS
COUNTY OF COOK

I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 18th day of August, 2004.

Georgia Freiburger
Notary Public

My Commission Expires:
5-18-08
(Notary Public)



LESSEE:

PENFORD PRODUCTS COMPANY

ATTEST:

By: Denise A. Klemm
Name: Denise A. Klemm
Title: Trotter Manager
Name: THERESA CATAPANO
Title: MANAGER OF DOCUMENTATION Executed on this 10 day of June, 2004.

[CORPORATE SEAL]

STATE OF Iowa
COUNTY OF Linn

I, Virginia L. McCreary, a Notary Public of the County and State aforesaid, certify that Denise A. Klemm personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 10 day of June, 2004.

Virginia L. McCreary
Notary Public

My Commission Expires:

10/5/05
(Notary Public)

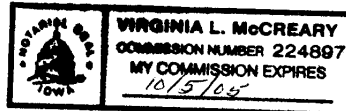


EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Forty (40)

DESCRIPTION OF CARS: 5150 cu. ft. Covered Hopper Cars with trough hatch covers and gravity gates

CAR NUMBERS:

FURX 840510	FURX 843683
FURX 840519	NDYX 515013
FURX 840521	NDYX 515239
FURX 840539	NDYX 515308
FURX 840551	NDYX 515407
FURX 840566	NDYX 515425
FURX 840632	NDYX 515427
FURX 843124	NDYX 515523
FURX 843571	NDYX 515775
FURX 843575	NDYX 515777
FURX 843580	NDYX 515779
FURX 843589	NDYX 515782
FURX 843598	NDYX 515787
FURX 843600	NDYX 515790
FURX 843604	NDYX 515794
FURX 843609	NDYX 515795
FURX 843611	NDYX 515796
FURX 843637	NDYX 515799
FURX 843650	NDYX 516081
FURX 843665	Count: 40
FURX 843674	